176 D

Supreme Court, U.S.
FILED

No. 10- 10-721 NOV 23 2010

IN THE OFFICE OF THE CLERK

Supreme Court of the United States

SENSIENT TECHNOLOGIES CORP., and
SENSIENT FLAVORS, LLC
Petitioners,

v.

SENSORYEFFECTS FLAVOR COMPANY, FORMERLY
KNOWN AS SENSORYFLAVORS, INC.
PERFORMANCE CHEMICALS & INGREDIENTS, CO.,
DIEHL FOOD INGREDIENTS, INC., and
HIGHLANDER PARTNERS, L.P.
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Eighth Circuit

PETITION FOR A WRIT OF CERTIORARI

PAUL F. LINN
CHARLES J. CRUEGER
Counsel of Record
MICHAEL BEST & FRIEDRICH LLP
100 East Wisconsin Avenue
Suite 3300
Milwaukee, WI 53202-4108
(414) 271-6560
cjcrueger@michaelbest.com

Attorneys for Petitioners Sensient Technologies Corp. and Sensient Flavors LLC.

November 23, 2010

WILSON-EPES PRINTING CO., INC – (202) 789-0096 – WASHINGTON, D.C. 20002

QUESTION PRESENTED

Does evidence that party intentionally selected a mark to confuse customers in violation of Section 43(a) of the Lanham Act give rise to a presumption that the selected mark will likely confuse customers.

PARTIES TO THE PROCEEDINGS

Pursuant to Rule 14.1(b), the following list identifies all of the parties appearing here and before the Eighth Circuit of Appeals.

The petitioners here and appellants below are Sensient Technologies Corporation and Sensient Flavors LLC.

The respondents here and appellees below are SensoryFlavors, Inc., Performance Chemicals & Ingredients Co., Diehl Food Ingredients, Inc., and Highlander Partners, L.P.

RULE 29.6 STATEMENT

Sensient Technologies Corporation is a publicly traded company and no parent or publicly held company owns 10% or more of its stock. Sensient Flavors LLC is a wholly-owed subsidiary of Sensient Technologies Corporation.

TABLE OF CONTENTS

	Page
QUESTION PRESENTED	i
PARTIES TO THE PROCEEDINGS	ii
RULE 29.6 STATEMENT	ii
TABLE OF AUTHORITIES	v
OPINIONS BELOW	1
JURISDICTION	2
STATUTORY PROVISIONS INVOLVED	2
STATEMENT OF THE CASE	3
A. The District Court Grants Summary Judgment Without Giving Any Weight To The Evidence That Defendants Intended To Confuse Customers	5
B. The Eighth Circuit Likewise Gave No Weight To Evidence That Defendants' Intended To Confuse Consumers	7
REASONS FOR GRANTING THE PETITION	11
A. Evidence That A Party Intended To Confuse Customers Should Give Rise To A Presumption That The Party Is Successful And There Is A Likelihood Of Confusion	12
B. The Majority Erred By Giving No Weight To Evidence That Sensient's Direct Competitor Intended To Deceive Customers	14
CONCLUSION	17

TABLE OF CONTENTS—Continued

APPENDIX Page

APPENDIX A: *Sensient Technologies Corp. et al. v. SensoryEffects Flavor Company, et al.*, No. 09-2686-cv, 613 F.3d 754 (8th Cir. July 21, 2010) 1a-33a

APPENDIX B: *Sensient Technologies Corp. et al. v. SensoryEffects Flavor Company et al.*, No. 4:08CV00336 (ERW), 636 F. Supp. 2d 891 (E.D. Mo. June 12, 2009) 34a-53a

APPENDIX C: Order Denying the Petition for Panel Rehearing and Rehearing en Banc, *Sensient Technologies Corp. et al. v. SensoryEffects Flavor Company, et al.*, No. 09-2686-cv, 613 F.3d 754 (8th Cir. August 26, 2010)..... 54a

APPENDIX D: Judgment, *Sensient Technologies Corp. et al. v. SensoryEffects Flavor Company, et al.*, No. 4:08CV00336 (ERW), 636 F. Supp. 2d 891 (E.D. Mo. June 12, 2009) 55a

TABLE OF AUTHORITIES

FEDERAL CASES	Page
Anderson v. Liberty Lobby, Inc., 477 U.S. 242 (1986)	16
Austl'n Gold, Inc. v. Hatfield, 436 F.3d 1228 (10th Cir. 2006)	10
Blue Bell Bio-Medical v. Cin-Bad, Inc., 864 F.2d 1253 (5th Cir. 1989)	4
Checkpoint Sys., Inc. v. Check Point Software Techs., Inc., 269 F.3d 270 (3d Cir. 2001)	10, 11
Dastar Corp. v. Twentieth Century Fox Film Corp., 539 U.S. 23 (2003)	3, 11
Eli Lilly & Co. v. Natural Answers, Inc., 233 F.3d 456 (7th Cir. 2000)	10
Elvis Presley Enters., Inc. v. Capece, 141 F.3d 188 (5th Cir. 1998)	10
Interstellar Starship Servs., Ltd. v. Epix Inc., 184 F.3d 1107, 1110 (9th Cir. 1999)	10
Lambert Pharmacal Co. v. Bolton Chem. Corp., 219 F. 325 (S.D.N.Y. 1915)	14, 16
Mobil Oil Corp. v. Pegasus Petroleum Corp., 818 F.2d 254 (2d Cir. 1987)	9, 10, 15
My-T Fine Corp. v. Samuels, 69 F.2d 76 (2d Cir. 1934)	13, 14, 16
Paccar Inc. v. Telescan Tech., L.L.C., 319 F.3d 243 (6th Cir. 2003)	10

TABLE OF AUTHORITIES—Continued

Page

Osem Food Indus., Ltd v. Sherwood Foods, Inc.,
917 F.2d 161 (4th Cir. 1990) 4, 14

Sunmark, Inc. v. Ocean Spray Cranberries, Inc.,
64 F.3d 1055 (7th Cir. 1995) 11

Taubman Co. v. Webfeats,
319 F.3d 770 (6th Cir. 2003) 12

FEDERAL STATUTES

15 U.S.C. 1125(a)(1)(A) 5, 11, 12, 16

28 U.S.C. § 1254(1) 2

TREATISES

4 J. McCarthy, TRADEMARKS AND UNFAIR COMPETITION, § 23:104 (4th ed.) 13

4 J. McCarthy, TRADEMARKS AND UNFAIR COMPETITION, § 23:111 (4th ed.) 4

IN THE

Supreme Court of the United States

No. 10-____

SENSIENT TECHNOLOGIES CORP., and
SENSIENT FLAVORS, LLC
Petitioners,

v.

SENSORYEFFECTS FLAVOR COMPANY, FORMERLY
KNOWN AS SENSORYFLAVORS, INC.
PERFORMANCE CHEMICALS & INGREDIENTS, CO.,
DIEHL FOOD INGREDIENTS, INC., and
HIGHLANDER PARTNERS, L.P.
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Eighth Circuit

PETITION FOR A WRIT OF CERTIORARI

Petitioners Sensient Technologies Corporation and Sensient Flavors LLC (collectively "Sensient Flavors") respectfully request that this Court grant the petition for a writ of certiorari to review the decision and judgment of the United States Court of Appeals for the Eighth Circuit.

OPINIONS BELOW

The decision of the court of appeals (Appendix ("App.") 1a) is published at 613 F.3d 754 (8th Cir.

2010). The order of that court denying the Petition for Panel Rehearing and Rehearing en Banc (App. C at 54a) was entered on August 26, 2010 and is unreported. The opinion of the United States District Court for the Eastern District of Missouri granting respondent's motion for summary judgment (App. B at 34a) is published at 636 F. Supp. 2d 891 (E.D. Mo. 2009).

JURISDICTION

The court of appeals entered its decision on July 21, 2010, and denied the timely petition for rehearing on August 26, 2010. This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

The Section 43(a) of the Lanham Act, 15 U.S.C. § 1125, titled "False designations of origin, false descriptions, and dilution forbidden," provides in relevant part:

> (a) Civil action
>
> (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—
>
> (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

> (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,
>
> shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

STATEMENT OF THE CASE

"Section 43(a) of the Lanham Act prohibits actions like trademark infringement that deceive consumers and impair a producer's goodwill." *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 32 (2003). In this case, in opposition to a motion for summary judgment, Sensient Flavors produced evidence that respondents/defendants, a direct competitor run by an ex-Sensient executive, intentionally selected very similar marks to confuse customers and get a "free ride" on Sensient Flavor's goodwill. In affirming the district court's grant of summary judgment, a divided panel of the Eighth Circuit gave no weight to this evidence of bad intent, however, holding that its evaluation of other factors, primarily the sophistication of the customers and similarity of the marks, led it to conclude that defendants' use of the mark did not create a likelihood of confusion. The dissent explained, by contrast, that this was no "garden-variety 'intent to compete' case." (App. A at 29a.) The "circumstances of this case support a reasonable inference" that defendants "intend[ed] to pass off its good as the trademark owners," and this evidence of "the defendant's intent weigh strongly against summary judgment." (App. A at 28a-29a, 30a.) Indeed, the dissent explained how a jury could

reasonably conclude that Sensient's ex-executive selected very similar marks intending to confuse costumers. (App. A at 29a-30a, 31a-32a.)

The Eighth's Circuit's divided opinion reflects a long-running circuit split on whether evidence of an accused infringer's intent to confuse creates a presumption of a likelihood of confusion or is only one of several factors to be weighed in determining a likelihood of confusion. At least five circuits have held that evidence showing the accused infringer selected similar marks intending to confuse creates a presumption of a likelihood of confusion. *See e.g., Osem Food Indus., Ltd v. Sherwood Foods, Inc.*, 917 F.2d 161, 165 (4th Cir. 1990) ("It would be inconsistent not to require one who tries to deceive customers to prove they have not been deceived."); 4 J. McCarthy, TRADEMARKS AND UNFAIR COMPETITION, § 23:111 (4th ed.) (collecting cases from Second, Fourth, Sixth, Ninth, and Eleventh Circuits) (hereinafter, "McCarthy"). In the Third, Fifth, Seventh and Eleventh Circuits, however, the rule is that evidence of an accused infringer's intent to confuse should not relieve plaintiff of its burden to prove infringement and is only one of several factors to be weighed in determining a likelihood of confusion. *Blue Bell Bio-Medical v. Cin-Bad, Inc.* 864 F.2d 1253, 1259 (5th Cir. 1989) ("defendant's intent to copy is a relevant factor which a court may consider when deciding whether there is a likelihood of confusion," "[b]ut we must remember that the intent of the defendant is just one element in the likelihood of confusion inquiry."). *See also* McCarthy, § 23.111 (collecting cases.) This Court has never addressed the issue and rarely provides guidance in likelihood of confusion cases. This circuit conflict about intentional conduct

to create confusion as to the source of goods clearly warrants certiorari. Avoiding confusion through the intentional use of trademarks that "deceive as to the affiliation, connection, or association of such person with another person," is essential to maintaining a free, efficient and competitive market. 15 U.S.C. 1125 (a)(1)(A).

A. The District Court Grants Summary Judgment Without Giving Any Weight To The Evidence That Defendants Intended To Confuse Customers.

Sensient Flavors sells flavors to the food and beverage industry using the mark "Sensient Flavors." (App. B at 36a.) Sensient Flavors sued defendant after defendants' new president, Charles Nicolais, the ex-president of Sensient's other main subsidiary, Sensient Colors, chose to compete against Sensient Flavors using the name "SensoryFlavors." (App. B at 34a-35a.) There is no dispute that this newly named "SensoryFlavors" and Sensient Flavors are direct competitors. Indeed, the "SensoryFlavors" entity sells the same product (flavors) to the same targeted customers using the same sales channel (telephone calls) as Sensient Flavors. (App. A at 4a, 16a, 30a, 32a; App. B at 38a.) Sensient Flavors also proffered evidence that its ex-executive knew of the "Sensient Flavors" mark and intentionally chose the very similar "SensoryFlavors" name to generate confusion. (App. A at 29a; App. B at 47a-48a.). When the district court temporarily enjoined defendant's use of "SensoryFlavors," Nicolais quickly modified "SensoryFlavors" to "SensoryEffects Flavors." (App. B at 34a-35a.)

Both parties moved for summary judgment. (App. B at 34a.) The district court found there was no likelihood of confusion between "Sensient Flavors" and "SensoryEffects Flavors." (App. B at 50a.)[1] The court acknowledged its earlier finding that Nicolais' former employment with Sensient, and defendants' selection of the "SensoryFlavors" mark, "created a strong inference of Defendants' intent to confuse the public." (App. B at 47a-48a.) The district court then concluded that "evidence that has been submitted to the Court does not support this conclusion." (App. B at 48a.) This "evidence" was an affidavit by Nicolais denying he was aware of the "Sensient Flavors" mark – even though Sensient Technologies, Inc. has but two major subsidiaries, Sensient Colors and Sensient Flavors, and it is implausible at best that Nicolais, the former president of Sensient Colors, was unaware of his sister company Sensient Flavors – and explaining how he purportedly selected the "SensoryFlavors" and then "SensoryEffects Flavors" marks. (App. B at 48a.) Although Sensient Flavors disputed Nicolais' story, it had evidence that Nicolais was aware of the Sensient and Sensient Flavors marks and was advised to stay away from them. (App. B at 48a.) Nonetheless, the district court found that Nicolais "did not intend to deceive the public" and that his alleged knowledge of Sensient Flavors was purportedly irrelevant, because knowledge of another's product and an intent to compete with that product is not evidence of intent to mislead and cause customer confusion. (App. B at 48a.)

---

[1] Sensient Flavors' petition is limited to the likelihood of confusion issue and does not seek review of the other issues raised in its filings below relating to defendants' use of the SensoryFlavors mark or Sensient Flavors' claim under the Missouri anti-dilution statute.

Instead, the district court gave significant weight to the fact that the targeted customers were "sophisticated," and it concluded these sophisticated customer would not likely be confused as purchases are ultimately made after a "collaborative process." (App. B at 46a.) It also concluded that there was a "distinct auditory difference between the name SensoryEffects Flavor and Sensient Flavors." (App. B at 46a-47a.)

B. The Eighth Circuit Likewise Gave No Weight To Evidence That Defendants' Intended To Confuse Consumers.

A divided panel of the Eighth Circuit affirmed. The court did not dispute that the "Sensient" mark is a "fanciful mark" entitled to the broadest protection under the law, or that Sensient Flavors and defendants are direct competitors. (App. A at 12a, 18a-19a.) It also acknowledged as "not without merit" Sensient Flavor's position that because the parties use the telephone to market their competing flavors, the court must focus on the auditory similarity between "SENSient Flavors" and "SENSoryEffects Flavors." (App. A at 16a.)

Nonetheless, the Eighth Circuit found that the "Sensient Flavor" and "SensoryEffects Flavor" marks had a "distinct auditory difference." (App. A at 16a.) The Eighth Circuit reasoned that "although the products are similar, the parties agree the customers are sophisticated and exercise a relatively high degree of care in making their purchasing decisions," and "[t]his sophistication makes it less likely customers will experience initial confusion, ultimately resulting in a benefit to the alleged infringer." (App. A at 18a.) In the Eighth Circuit's view, the presence of these "sophisticated customers" who make purchas-

ing decisions "after a collaborative process," "tends to mitigate any potential confusion." (App. A at 24a.)

Despite the summary judgment standard that all reasonable inferences are given to the non-movant, the Eighth Circuit found that "no reasonable jury" could conclude that Nicolais intended to create confusion by selecting first the "SensoryFlavors" and then "SensoryEffects Flavors" names to compete with Sensient Flavors. (App. A at 22a.) Indeed, the court noted that "'the absence of such intent is a factor to be considered'" in its likelihood of confusion analysis. (App. A at 19a; quoted case omitted.) It further held that the dispute over Nicolais' knowledge of the "Sensient Flavors" mark was "not dispositive," "because knowledge of another's product and an intent to compete does not correspond with an intent to mislead." (App. A at 21a.)

Judge Colloton dissented, observing that this was no "garden-variety 'intent to compete' case." (App. A at 29a-30a.) The evidence – including defendants' own documents – allowed a reasonable jury to find that Nicolais intentionally selected the "Sensory-Flavors" name to create confusion in the marketplace. (App. A at 29a.) The dissent observed how "Nicolais denied in an affidavit that he was aware that the brand or trademark 'Sensient Flavors' even existed, but Sensient discovered from the defendant an internal document dated February 2008 that listed 'Sensient Flavors' as a 'primary competitor' of the newly-named 'SensoryFlavors, Inc.'" (App. A at 29a.) Moreover, after defendant first selected but then "retreated to the name 'SensientEffects Flavor Company,'" the defendants' internal documents showed that it "reject[ed] the suggestion of a company vice

president to omit the word 'Flavor' from the official name and parent logo." (App. A at 29a.) Nicolais' credibility and his denial of any knowledge of Sensient Flavors was "obviously a disputed issue for a jury," and "from these circumstances, a reasonable jury could find that the defendant, having been rebuffed in its efforts to use the name SensoryFlavors to generate confusion with Sensient Flavors, still intended to confuse the public by shifting to the name of SensientEffects Flavor Company." (App. A at 29a.) Citing the holding in *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 258 (2d Cir.1987), that "[i]ntentional copying gives rise to a presumption of a likelihood of confusion," the dissent concluded that "[t]he permissible inferences about the defendant's intent weigh strongly against summary judgment." (App. A at 30a.)

Indeed, the dissent explained how defendants' conduct was likely to confuse customers and harm Sensient Flavors:

> That a company's customers are sophisticated does not establish as a matter of law that there is no likelihood of confusion. If the sophisticated oil traders in *Mobil Oil Corp.*, 818 F.2d 254, "might listen to a cold phone call from Pegasus Petroleum . . . when otherwise he might not, because of the possibility that Pegasus Petroleum is related to Mobil," *id.* at 259, even though the possible relationship between those entities required inferences based on knowledge of both Mobil's mark and Greek mythology, then a reasonable jury could reach a similar conclusion here. A sophisticated purchaser of flavor delivery systems might take a cold call from a fast-talking

> salesperson attempting to pitch a customer on behalf of "SENSoryeffects Flavor Company" when the buyer is familiar with, or accustomed to dealing with, "SENSient Flavors [Company]." Whether or not a sophisticated customer eventually would sort out the difference, the doctrine of initial interest confusion prevents an infringer from using another's mark to gain "crucial credibility during the initial phases of a deal." *Id.* (emphasis added).

(App. A at 31a-32a.)

In this case where the product is marketed to customers in "cold" telephone calls, "the aural similarity of SENSient Flavors and SENSoryEffects Flavor (with "Company" as an immaterial add-on) is sufficient for a jury to weigh this factor in favor of the plaintiff."[2] (App. A at 31a.)

---

[2] Seven courts of appeal have adopted this trademark law doctrine of "initial interest confusion," which protects against a party using a competitor's trademark to create initial confusion and get its foot in the door even if the consumer eventually sorts out the difference and no purchase is made. *See Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 260 (2d Cir. 1987); *Checkpoint Sys. v. Check Point Software Tech.*, 269 F.3d 270, 294 (3rd Cir. 2001); *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 204 (5th Cir.1998); *Paccar Inc. v. Telescan Tech., L.L.C.*, 319 F.3d 243, 253 (6th Cir. 2003); *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 464 (7th Cir.2000); *Interstellar Starship Servs., Ltd. v. Epix Inc.*, 184 F.3d 1107, 1110 (9th Cir. 1999); *Austl'n Gold, Inc. v. Hatfield*, 436 F.3d 1228, 1239–40 (10th Cir. 2006). No circuit has rejected the "initial interest confusion" doctrine.

REASONS FOR GRANTING THE PETITION

It is axiomatic that the Lanham Act prohibits trademark infringement that impairs a producer's goodwill by creating initial confusion about the source of goods. "Section 43(a) of the Lanham Act prohibits actions like trademark infringement that deceive consumers and impair a producer's goodwill." *Dastar Corp.*, 539 U.S. at 32. It provides a cause of action against "[a]ny person who . . . uses in commerce any word, term, name, symbol, or device, or any combination thereof," which "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person. . . ." 15 U.S.C. 1125(a)(1)(A). As this Court explained in *Dastar Corp.*, 539 U.S. at 28-29:

> The Lanham Act was intended to make "actionable the deceptive and misleading use of marks," and "to protect persons engaged in . . . commerce against unfair competition." 15 U.S.C. § 1127. While much of the Lanham Act addresses the registration, use, and infringement of trademarks and related marks, § 43(a), 15 U.S.C. § 1125(a) is one of the few provisions that goes beyond trademark protection.

Whether a mark is likely to cause confusion, or mistake, or to deceive, is an issue of fact. *See, e.g.*, *Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 269 F.3d 270, 301 (3d Cir. 2001) ("Likelihood of confusion is a question of fact."); *Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, 64 F.3d 1055, 1060

(7th Cir. 1995) ("Likelihood of confusion in a trademark case is a factual issue").

A. Evidence That A Party Intended To Confuse Customers Should Give Rise To A Presumption That The Party Is Successful And There Is A Likelihood Of Confusion.

Sensient produced evidence that defendants **intended** to do exactly what the Section 43(a) explicitly prohibits, *viz.*, selecting a "word, term, name, symbol, or device, or any combination thereof," which "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person. . . ." 15 U.S.C. 1125(a)(1)(A). Yet the Eighth Circuit erroneously gave this fact no weight on summary judgment. Essentially, even though the evidence allowed a reasonable jury to find that defendants intended to confuse customers and harm Sensient Flavors, the majority looked to other factors to conclude that defendants would fail in their intended plan.

It is true that the modern law's emphasis on objective facts of likely customer confusion means a plaintiff need not prove a party intended to infringe its trademark rights to prove a violation of the Lanham Act. *See e.g., Taubman Co. v. Webfeats*, 319 F.3d 770, 775 (6th Cir. 2003) ("Lanham Act is a strict liability statute," and [i]f consumers are confused by an infringing mark, the offender's motives are largely irrelevant."). This "modern" emphasis exists because trademark infringement first arose in the common law as an offshoot of the tort of intentional fraud, but as infringement law matured, "it was realized that even businesspeople acting in good faith could, by

their actions, cause confusion of buyers by the use of trade symbols similar to those used previously by other sellers." McCarthy, § 23:104. Accordingly, courts now regularly weigh a variety of factors that the Eighth Circuit listed in its opinion to determine whether a party's use of a mark was likely to confuse consumer. (App. A at 12a.) Simply because the law captures good faith infringement, however, does not mean that evidence a party acted in bad faith to deceive or confuse customers should be relegated to just one of many factors to weigh in the likelihood of confusion analysis.

Judge Learned Hand came to the same conclusion in an opinion for the panel in *My-T Fine Corp. v. Samuels*, 69 F.2d 76, 77 (2d Cir. 1934). In that case, the district court denied a preliminary injunction. The court of appeals reversed for the following reason:

> The plaintiff has proved no more than that the boxes look a good deal alike, and that confusion may well arise; and **were it not for the evidence of the defendants' intent to deceive** and so to secure the plaintiff's customers, we should scarcely feel justified in interfering at this stage of the cause. We need not say whether that intent is always a necessary element in such causes of suit; probably it originally was in federal courts. . . . But when it appears, we think that it has an important procedural result; **a late comer who deliberately copies the dress of his competitors already in the field, must at least prove that his effort has been futile** . . . . He may indeed succeed in showing that it was; that, however bad his purpose, it will fail in

> execution; if he does, he will win. *Kann v. Diamond Steel Co.*, 89 F. 706, 713 (C.C.A. 8). **But such an intent raises a presumption that customers will be deceived.**

Id. (Emphasis added.) *See also Lambert Pharmacal Co. v. Bolton Chem. Corp.*, 219 F. 325, 326 (S.D.N.Y. 1915) (Hand, J.) ("[o]f course, the burden of proof always rests upon the moving party, but having shown the adoption of a similar trade name, arbitrary in character, I cannot see why speculation as to the chance that it will cause confusion should be at the expense of the man first in the field.").

The Fourth Circuit has characterized the presumption as "'part of the fabric of trademark analysis,'" and expressly adopted Judge Hand's analysis in *My-T-Fine Corp.*, reasoning that "[w]hen a newcomer to the market copies a competitor's trade dress, its intent must be to benefit from the goodwill of the competitor's customers," and "[l]ogic requires . . . . that from such intentional copying arises a presumption that the newcomer is successful and that there is a likelihood of confusion." *Osem Food Indus., Ltd v. Sherwood Foods, Inc.*, 917 F.2d 161, 165 (4th Cir. 1990) (quoted source omitted). "It would be inconsistent not to require one who tries to deceive customers to prove they have not been deceived." *Id.*

B. The Majority Erred By Giving No Weight To Evidence That Sensient's Direct Competitor Intended To Deceive Customers.

In this case, Sensient opposed summary judgment with evidence that its direct competitor, a party knowledgeable of the market and run by one of its ex-executives, made an informed decision that the similarity between "Sensient Flavors" and "Sensory-

Flavors," and then "SensoryEffects Flavors," was sufficient to confuse the consumer to its benefit. In that respect, the dissent is correct that this case is similar to *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254 (2d Cir. 1987), which involved "sophisticated" customers – oil traders – who received sales pitches over the phone. Mobil Oil claimed that the defendant intentionally selected the name "Pegasus Petroleum" because it was similar to Mobil's "flying horse" mark and would mislead an oil trader into an initial interest in its product. The Second Circuit affirmed the district court's findings of fact after trial that the initial interest confusion doctrine applied not because an oil trader "would do business with Pegasus Petroleum believing it related to Mobil, but rather in the likelihood that Pegasus Petroleum would gain crucial credibility during the initial phases of a deal." *Id.* at 259. "[A]n oil trader might listen to a cold phone call from Pegasus Petroleum – an admittedly oft used procedure in the oil trading business – when otherwise he might not, because of the possibility that Pegasus Petroleum is related to Mobil." *Id.* This is consistent with the doctrine's purpose of protecting against a competitor getting a "free ride" on the goodwill of a well known mark. *Id.* (quoted source omitted.)

Yet the Eighth Circuit gave **no** weight – not even an inference – to evidence that Nicolais selected very similar names in order to generate confusion and usurp Sensient's goodwill. Nicolais denied knowing that Sensient Flavors sold goods under the "Sensient Flavors" name. His story is of suspect credibility and is contradicted by defendants own documents. In any event, that dispute over Nicolais credibility and intent cannot be resolved on summary judgment. It

is not for courts at summary judgment to weigh evidence or determine the credibility of such testimony; that is the task of factfinders. *See Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255 (1986).

A trademark holder with evidence that its direct competitor intended to confuse consumers by selecting a "word, term, name, symbol, or device, or any combination thereof," which "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person," in violation of 15 U.S.C. 1125(a)(1)(A), should not have the additional burden of proving its competitor will succeed in executing its plan. The other party may eventually convince the factfinder that it never intended to deceive customers or that its attempt to do so was futile, but at the summary judgment stage "such an intent raises a presumption that customers will be deceived." *My-T Fine Corp.*, 69 F.2d at 77. As Judge Hand observed. there is no reason why speculation as to the chance that defendant's intentional bad acts will cause confusion should be at the expense of the trademark holder. *Lambert Pharmacal Co.*, 219 F. at 326. A contrary rule undermines Section 43(a) of the Lanham Act by encouraging trademark infringement and making it more difficult for a party to protect itself from competitors who intend to confuse customers and compete unfairly.

CONCLUSION

For the foregoing reasons, the petition for writ of certiorari should be granted.

Respectfully submitted,

PAUL F. LINN
CHARLES J. CRUEGER
Counsel of Record
MICHAEL BEST & FRIEDRICH LLP
100 East Wisconsin Avenue
Suite 3300
Milwaukee, WI 53202-4108
(414) 271-6560
cjcrueger@michaelbest.com

Attorneys for Petitioners
Sensient Technologies Corp.
and Sensient Flavors LLC.

November 23, 2010